

DATELINE:

# LABOR & WORKFORCE DEVELOPMENT

A quarterly publication for employers from the Tennessee Department of Labor & Workforce Development

September 2001



## New premium table structure heads legislative changes

The major 2001 legislative changes to the Tennessee Employment Security Law are listed below. If you would like a copy of the 2001 Amendments to the Tennessee Employment Security Law, call toll-free 1-800-344-8337 (call 615-741-2153 if out of state.)

### Premium Tables

Legislation eliminated four ineffectual premium rate tables from the previous ten-table Premium Rate Chart. The new six-table Premium Rate Chart became effective July 1, 2001. This was a precautionary change to insure that the Trust Fund will be sufficient to pay unemployment benefits during downturns in the economy. The highest and lowest rate tables remain the same as on the previous chart.

The lowest rate table is still in effect as long as the Trust Fund balance on any June 30 or December 31 remains above \$750 million. The highest rate table (still Table 1) would not go into effect unless the Trust Fund balance falls below \$450 million. The new chart will only affect non-governmental, experience-rated employers with positive reserves and only when the Trust Fund balance is below \$750 million on any December 31 or any June 30. And again, the new chart has no impact on the premium rates for new employers, governmental employers, or employers with negative reserve balances.

### Definition of Wages

The definition of wages was amended to clarify that wages include employee salary reduction contributions to cash or deferred compensation plans pursuant to Section 401(k), Section 403(b), Section 457 or any similar plan of the Internal Revenue Code.

### Maximum Weekly Benefit Amount

The maximum weekly benefit amount a claimant could be eligible to receive increased

to \$275 for initial claims filed on or after August 5, 2001.

Extending the weekly benefit amounts on the current Benefit Chart in one-dollar increments from \$255 to \$275 and the respective qualifying wages in \$26 increments from \$6,630.01 to \$7,150.01 raised the maximum weekly benefit amount. Qualifying wages are the average of the wages paid to the claimant in the highest two quarters of the claimant's base period. A claimant's base period is the first four of the last five calendar quarters prior to the quarter in which he files his claim for benefits.

### Back Pay Awards

A new law insures that a claimant who is the recipient of a back pay award will not be charged twice for unemployment insurance benefits received during the back pay award period.

A 1995 law requiring employers to reduce the amount of a back pay award by the amount of benefits overpaid as a result of an award had unforeseen consequences for some claimants. Some back pay settlements allowed employers to reduce the amount of the back pay by the amount of unemployment benefits paid. Some employers also deducted the amount of unemployment benefits from the amount paid to the employee and sent that amount to the department to repay the benefits. Thus overpaid unemployment benefits were being deducted twice from a claimant's back pay award.

Under the new law, the employer must let the department know if the net-final back pay award amount was determined by reducing the back pay award by the amount of unemployment benefits received for the back pay award period.

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### Routing Box

- ☐ Personnel Director
- ☐ Manager
- ☐ Payroll Officer
- ☐ Other

## New employer rates announced

The new employer rates for the rate year beginning July 1, 2001, and ending June 30, 2002, are

Construction	6.5%
Mining	10.0%
All others	2.7%

## Reminder on taxable wage calculation

The Tennessee Unemployment Insurance (TUI) taxable wage base is \$7,000. Remember when preparing your quarterly Wage and Premium Reports that you report the total wages you paid to each employee in the quarter, **but you only pay premiums on the first \$7,000 you paid to each employee during the calendar year.**

The amount of wages over \$7,000 that you paid to an employee in a calendar year is "Excess Wages" for TUI purposes. Enter "Excess Wages" for the quarter on line 2 of the Premium Report (LB-0456). Quarterly Excess Wages cannot be more than the amount of "Total Wages" you entered on line 1 of the Premium Report. Please see instructions on the back of your Premium Report for an example calculation.

If you failed to deduct the correct Excess Wages on a prior quarterly report, please do not

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## Legislation (Cont.)

If the court has already reduced the back pay award by the amount of overpaid unemployment benefits, the employer pays the overpaid benefits to the department without further reducing the back pay award in order to receive any credit to its reserve account.

If the court did not reduce the back pay award by the amount of overpaid benefits, the employer withholds the overpaid benefits from the back pay award and pays this amount to the department in order to receive any credit to its reserve account.

For questions about deducting benefit overpayments from Back Pay awards, call **615-741-2606**.

### Tennessee Job Skills Fee

The sunset date for the Tennessee Job Skills Fee was extended from December 31, 2002, to December 31, 2006.

### Other legislation of interest to employers:

#### Labor Law

##### ☞ Parent notification of drug tests for minors

An employer who participates in the Drug-Free Workplace Program is required to notify parents or guardians of a minor of any drug or alcohol test results. The employer is not liable for any disclosure permitted by the act, and any notice must inform the minor tested that his parents or guardians will be notified of test results.

For more information about this law, contact Jim Farmer in Workers' Compensation at **(615) 532-1321**.

##### ☞ Child labor law violations

The current Child Labor Law is strengthened, including classifying violations in regard to employment of minors under age 14 and youth peddling as Class D felonies. The law authorizes a fine of \$1,000 to \$10,000 for hiring minors under 14.

Agency contact: Jon Moffett in Labor Standards at **(615) 741-1627**

### TOSHA

##### ☞ Citation for occupational safety violation

Citations issued for violation of occupational safety and health standards are

designated final orders of the department 20 days after receipt by the employer.

Agency contact: John Winkler in Safety, Health and Standards at **(615) 741-2793**

### Workers' Compensation

#### ☞ Benefit review conferences

When Workers' Compensation benefit review conferences are held, both the employee and the employer, or the employer's insurer, must provide the person who attends the conference with authority to settle the dispute.

Agency contact: Sue Ann Head in Workers' Comp at **(615) 741-2395**

## Taxable wage (cont.)

make an adjustment on your current quarterly report. Make Excess Wage corrections on a Claim for Adjustment or Refund Form (LB-0459). To obtain this form, contact your Employer Accounts Auditor or the Employer Accounting Unit at (615) 741-1619, or you can now download Form LB-0459 from our website at <http://www.state.tn.us/labor-wfd/esdiv.html> by selecting Employer Services, then Useful Forms.

## Date of new hire now required

Beginning July 18, 2001, state law required employers to include the date of hire on their federally mandated new-hire report to the Tennessee Department of Human Services.

The date of hire allows this department to identify claimants who fraudulently file for weekly unemployment benefits after they start work. Employers can help us prevent this fraud by submitting their new hire information within five days of the new hire. This fraud can result in undetectable erroneous benefit charges to employees and a decline in the Trust Fund balance, two factors that can increase employers' premium rates.

Tennessee New Hire Reporting Program  
**1-888-715-2280**  
Unemployment Benefit Overpayment  
and Fraud Information  
**1-615-741-2606**

## Route Rate Notice to appropriate party

Each September and October the TDLWD receives hundreds of telephone calls and letters from CPAs and other employer representatives requesting premium rate information or reserve account information on their clients. Usually, the requested information has already been supplied directly to the employer on an annual Notice of Employer's Premium Rate (LB-0482). This notice is usually mailed to all premium-paying employers each year during the last week of August.

If you assign the preparation of your Wage and Premium Reports to a CPA or another representative, please provide that representative with a copy of your Notice of Employer's Premium Rate when you receive it. Doing so will allow your representative to correctly calculate your premiums due and save you time in the long run.

## Numbers

TN unemployment rate (July 2001) 4.1%  
TN unemployment rate (July 2000) 3.8%

US unemployment rate (July 2001) 4.5%  
US unemployment rate (July 2000) 4.0%

UI trust fund (June 2001) \$807.3 million  
UI trust fund (June 2000) \$915.6 million

The Tennessee Department of Labor & Workforce Development is an equal opportunity employer. Auxiliary aids and services are available upon request to individuals with disabilities.

El Departamento del Trabajo y Desarrollo de la Fuerza Laboral de Tennessee es un patrono que ofrece igualdad de empleo. Ayudas auxiliares están disponibles para individuos con impedimentos.



### Dateline: Labor & Workforce Developments



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